ConocoPhillips 2008 Shareholders Meeting - Final

FD (Fair Disclosure) Wire

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Body

JANET LANGFORD KELLY, LEGAL, GENERAL COUNSEL AND CORPORATE SECRETARY, CONOCOPHILLIPS: Good morning. I'm Janet Langford Kelly, ConocoPhillips Corporate Secretary. ConocoPhillips' 2008 Annual Stockholder's Meeting is about to begin. But, first, we'd like to take a moment to provide you some safety information. There are several exits around the room. In the unlikely event that we should need to evacuate, please go to the nearest exit as directed by the meeting host. Will the hosts please stand and raise your hands? Thank you.

We also ask you to turn off all cell phones, pagers and similar devices during the meeting this morning. No cameras or sound recording devices, other than those used by ConocoPhillips' personnel to record the proceedings, are permitted. Thank you.

JIM MULVA, CHAIRMAN AND CEO, CONOCOPHILLIPS: Good morning. I'm Jim Mulva, Chairman and CEO of ConocoPhillips, and it's my pleasure to welcome you to the ConocoPhillips 2008 Annual Stockholders' Meeting. I will act as Chairman of the meeting, and will now call the meeting to order. The agenda and guidelines for the meeting are in your program.

Stockholders may make comments or ask questions at the times designated in the agenda. If you wish to speak, please go to one of the standing microphones in the aisles and ask your question only when you are recognized by the Chairman. If, for some reason, you are unable to go to the aisle, please raise your hand and a meeting host will provide you with a microphone.

Please state your name, whether you are a stockholder or a representative of a stockholder. And if you are a representative, state the name of the stockholder that you represent. Questions or comments should be as brief as possible and relevant to matters of concern to stockholders generally. A stockholder wishing to make a comment or ask a question regarding a proposal will be allowed one turn at the microphone for a maximum of two minutes during the discussion of each proposal.

A stockholder wishing to ask questions or make comments on a matter not related to a proposal must do so during the period set aside in the agenda for stockholder questions and comments. During this period, a stockholder will be allowed to speak for up to two minutes and ask no more than one question each time a stockholder is recognized. Additionally, additional turns will be given to those who have already spoken if time permits.

Now, we'll move to the business of the meeting. Janet Kelly will act as Secretary of today's meeting. Janet will now present a report on the quorum for the meeting.

JANET LANGFORD KELLY: Mr. Chairman, I have a copy of the meeting notice, dated April 2nd, 2008 for today's meeting, an Affidavit signed by our transfer agent stating that the meeting notice, the Proxy Statement and the Company's 2007 Annual Report were mailed to each stockholder of record as of the close of business on March 17, 2008. As indicated in the meeting notice, stockholders of record at the close of business on March 17th, 2008, are entitled to vote at this meeting.

I also have a list of stockholders entitled to vote at the meeting. As required by our By-Laws, this list has been available for inspection at our Executive Offices for the last ten days. The list is available today for inspection by any stockholder.

[Jennifer Flynn] of Broadridge Financial Solutions, Inc., has been appointed the Inspector of Elections for this meeting. The Inspector reports that stockholders entitled to cast more than 87% of the votes eligible to be cast at this meeting are present in person or represented by proxy. Therefore, a quorum is present and the meeting may proceed.

JIM MULVA: Okay. Thank you, Janet. Before we proceed, it's my pleasure to introduce to you the members of ConocoPhillips' Board of Directors. All of them are here today except for General Charles C. Krulak. As I introduce each of them, I would like for them to stand, face the audience and be recognized.

In addition to myself, the members of our Board are Richard L. Armitage. Rich is the President of Armitage International and former U.S. Deputy Secretary of State. Richard H. Auchinleck. Rick is a retired President and Chief Executive Officer of Gulf Canada Resources Limited. James E. Copeland, Jr., Jim is a retired Chief Executive Officer of Deloitte & Touche. Kenneth M. Duberstein. Ken is the Chairman and Chief Executive Officer of the Duberstein Group and the former Chief of Staff to President Reagan.

Ruth R. Harkin, Ruth is a retired Senior Vice President International Affairs and Government Relations of the United Technologies Corporation. Harold W. McGraw, III. Harry is the Chairman, President, Chief Executive Officer of The McGraw-Hill Companies. Harald J. Norvik. Harald is Chairman and Partner of Econ Management AS and retired Chairman, President and CEO of Statoil.

William K. Reilly. Bill is the President and Chief Executive Officer of Aqua International Partners. He was the Administrator of the Environmental Protection Agency under President George H. W. Bush. Bobby S. Shackouls. Bobby is the former Chairman, President and Chief Executive Officer of Burlington Resources Inc.

Victoria J. Tschinkel. Vicky is a former Director of the Florida Nature Conservancy and the former Secretary of the Florida Department of Environmental Regulations. Kathryn C. Turner. Kathryn is Chairperson and Chief Executive Officer of Standard Technology, Inc. Bill E. Wade, Jr. Bill is retired President of the Atlantic Richfield Company.

Also with us today, are Norman R. Augustine. William R. Rhodes and J. Stapleton Roy. These three Directors, along with General Charles C. Krulak, will be retiring from the ConocoPhillips Board at the conclusion of today's annual meeting, after many years of service as Directors of ConocoPhillips and its predecessors. Norm is the retired Chairman and Chief Executive Officer of Lockheed Martin Corporation.

Bill is the Chairman, President and Chief Executive Officer of Citibank, and the Senior Vice Chairman of Citigroup. Stape is Managing Director of Kissinger Associates, Incorporate, and previously had been U.S. Ambassador to Singapore, the Peoples Republic of China and Indonesia. So, please now, join me in thanking all of our Board members for the dedicated service to the Company.

Our order of business will be as follows. We will discuss and vote on each of the 12 items of business listed on your agenda and detailed in the Proxy Statement. Questions during this period should pertain to the item under consideration. While the votes are being tabulated, I will present a report on the Company's 2007 operations and our plans for the future.

Following this report, Janet Kelly will report the preliminary voting results and we will have a general question and answer period. At that time, those stockholders who wish to ask questions will have an opportunity to do so. Until we reach the general question and comment part of the meeting, please limit your questions to the particular agenda item under discussion.

At this time, if any stockholder has not delivered his or her proxy, you may cast your vote by ballot at this meeting. If you have already submitted a valid proxy, your votes will be cast as indicated on your proxy card. You do not have to vote by ballot unless you wish to change your prior proxy vote. If you need a ballot, please stand or raise your

hand. A meeting host will provide you with a ballot. At the end of the discussion of the items of business, we will then collect the ballots.

The meeting will now consider the 12 business items on the agenda. A vote will be taken on all 12 items at the end of discussion. We will present each of the business items and then entertain discussion on each item, one at a time. As each item is introduced, if you are a stockholder and wish to speak regarding that item, please go to one of the standing microphones in the aisle and ask your question when recognized.

If, for some reason, you are unable to go to the aisle, please raise your hand. A meeting host will provide you with a microphone. So, please state your name, verify that you are a stockholder or a representative of a stockholder. If you are a representative, please state the name of the stockholder that you represent.

Item number one, election of Directors. Item one on the agenda is the proposal to elect three Directors to serve for a term of three years. The three nominees for election are Harold W. McGraw, III, James J. Mulva and Bobby S. Shackouls. Our By-Laws provide that stockholder nominations for Directors may be brought before today's meeting only if the Corporate Secretary received the nomination in writing prior to today's Annual Meeting.

For this Annual Meeting, stockholder nominations had to be received by February 8th, 2008. Miss Kelly reports that no stockholder nominations have been received. Therefore, the nominations for Directors are closed.

As indicated in the Proxy Statement, the Board of Directors recommends that the stockholders elect the three Director nominees. The Proxy Statement contains information about each Director nominee, so I will not comment unless there are comments from stockholders regarding the election of Directors. Is there any discussion on these nominees?

DR. TOM BORELLI, REPRESENTATIVE, FREE ENTERPRISE ACTION FUND: Good morning.

JIM MULVA: Good morning.

DR. TOM BORELLI: My name's Dr. Tom Borelli. I'm the Portfolio Manager of the Free Enterprise Action Fund. And I've a question regarding your nomination today. Our concern generally is with your decision to lobby for global warming regulations, so-called cap and trade. Now, the question I have directly for you, when you made the decision to lobby for cap and trade, did you conduct good proper due diligence in terms of a cost benefit analysis of what this would mean to shareholders, and did you discuss it with the Board? Two simple questions.

JIM MULVA: Thank you. I'll tell you what. When we get to the question and answer time period, after we go through the agenda items, I'll make sure you're the first one to ask a question.

DR. TOM BORELLI: Excuse me, excuse me, sir. With all due respect, I love this company. And you guys are doing great. The question has to do with the due diligence as you, as CEO -- this is about your nomination. It's not about question and answers afterwards. This directly has to do with you. Did you discuss the notion of lobbying for global warming regulations with the Board? And did you do an economic analysis before you did it, or did you just do it because you felt it was a good thing to do?

JIM MULVA: Well, we take into consideration all the things that you've outlined in terms of our business, our plans. And we also, with respect to our Board, we want to make sure that we have the expertise and the background to help us make informed judgments with respect to all these issues of climate change. So, yes, we do consider all of that.

DR. TOM BORELLI: So, you -- you discussed this with the Board before you decided to lobby for regulations?

JIM MULVA: Let me --

DR. TOM BORELLI: The answer is then, is no. It's either yes or no. I mean, I -- look, again, I'm your friend. I really love this company.

JIM MULVA: Thank you.

DR. TOM BORELLI: You guys are doing great. So, the answer is --

JIM MULVA: It's a complex --

DR. TOM BORELLI: -- I either did discuss it with the Board or I did not --

JIM MULVA: We fully discuss all these issues with our Board, yes.

DR. TOM BORELLI: So, then if we went into the Board Minutes of one of your Board meetings, we would see this in the Board notes?

JIM MULVA: We -- our Minutes of our meetings generally discuss all the discussions that take place in our Board of Directors' meeting. Thank you.

DR. TOM BORELLI: But, generally, but I'm talking, again, about specifics.

JIM MULVA: Yes. Thank you. I think we've pretty well -- you've made your point. And I think it's time for us to move on.

DR. TOM BORELLI: Well, I --

JIM MULVA: Are there other questions with respect to this agenda item on the nomination of Directors.

DR. TOM BORELLI: The agenda item is you. That's the agenda item. So, so, again, so, then you would be willing to show us the Board notes that says you discussed the economic consequences of global warning regulations with the Company?

JIM MULVA: Yes, we discussed the economic consequences of climate change, global warming and all of our investments, all of our operations --

DR. TOM BORELLI: With the Board?

JIM MULVA: -- as a routine item in our Public Policy Committee, as well as the full Board of Directors.

DR. TOM BORELLI: Great, then you will be willing to share those note with us?

JIM MULVA: We share as we normally do what -- our Minutes in the appropriate way, and how we communicate to the public externally with respect to what we do.

DR. TOM BORELLI: Okay. Thank you. Looking forward to look at those notes.

JIM MULVA: Thank you. Are there other questions? Okay. If there's no further discussion on this proposal, we'll proceed to item two on the agenda, a proposal to amend the Amended and Restated By-Laws and Restated Certificate of Incorporation to provide for the annual election of Directors. Item two on the agenda is a proposal to do the Amended Restated By-Laws, and to -- of Incorporation to declassify the Board by providing for the annual election of all Directors. Is there any questions with respect to this item two?

Since there is no discussion on this proposal, we will proceed to item three on the agenda, a proposal to ratify the appointment of Ernst & Young as the Company's independent registered public accounting firm for 2008. Ernst & Young served as the independent registered public accounting firm for ConocoPhillips during 2007.

The Audit Finance Committee reappointed Ernst & Young to serve as ConocoPhillips' independent registered public accounting firm for 2008 and seeks ratification of that appointment by the stockholders. As indicated in the Proxy Statement, representatives of Ernst & Young are here today and available to answer questions you may have for them. Are there any questions for Ernst & Young?

Since there are no questions for Ernst & Young, we will proceed to item four on the agenda, a proposal to require minimum stock ownership for Director appointees submitted by Dr. Sydney K. Kay. I will now recognized Dr. Sydney K. Kay or a designated representative to introduce this proposal and make a brief supporting statement. Is Dr. Kay here? Since Dr. Kay is not present, this proposal will not be placed before the meeting today.

We will now proceed to item five on the agenda, a proposal to have the Board prepare a report on the Company's recognition of indigenous rights submitted by the Church of the Brethren Benefit Trust, Inc. The introduction and supporting -- I've already covered that. I'm sorry.

I think we go on to item number five. I will now recognize the -- I will now recognize the designated representative of the Church for the Brethren Benefit Trust to introduce its proposal and make a brief supporting statement regarding agenda number five. Is Steven Heim here? Okay. Steven, good morning.

STEVEN HEIM, REPRESENTATIVE, BOSTON COMMON ASSET MANAGEMENT: Good morning. Mr. Chairman, Directors, ConocoPhillips share owners and staff and guests. Good morning, and thank you for the opportunity to speak today. I move for consideration of item five on the 2008 Proxy Statement, Report on Recognition of Indigenous Rights. My name is Steven Heim. I'm Director of Social Research for Boston Common Asset Management, an investment manager that considers the social and environmental impacts of this investment.

Our client, the Brethren Benefit Trust, Incorporated, BBT, is the lead proponent for item five. BBT is the Financial Minstry's Agency of the Church of the Brethren, a Protestant denomination formed in 1708. I am here with Steve Mason, Director of the Brethren Foundation, Incorporated, a separately incorporated program of BBT. We're also here on behalf of over one dozen other proponents of this resolution including the New York State Common Retirement Fund, [Public] Employee Pension Funds of the State of New York, and several faith-based investors.

Mr. Chairman, Boston Common, along with several other share owners have raised concerns about the Company's 2006 purchase of Burlington Resources and it's legacy assets in Ecuador and Peru, and our company's new expansion in the Peruvian Amazon. We have recently raised concerns about its new role as the largest owner of oil and gas concessions in the San Juan Basin and the Southwestern U.S. and its resulting impact on the remaining sacred cultural sites of the Dine, or Navajo, nation, wildlife, resource and impacts on nearby families.

We commend ConocoPhillips for suspending its on-ground operations in Ecuador for the past year. We understand this has led to a sense of peace for the first time in many years for the indigenous people in the Southern Ecuadorian Amazon, who have strongly opposed oil development in their territories.

We also commend ConocoPhillips for returning to the government of Peru, in 2007, the far southern part of its oil concession in Block 104 in the Achuar territory near the Corrientes River. The Achuar have suffered from pollution resulting from over 30 years of oil production, first by Occidental Petroleum and then by Suez Petrol. They adamantly oppose new oil development in their territory.

We understand the Company plans to expand its exploration activities in the Peruvian Amazon and now controls over 9 million acres of the Amazon, more than any other U.S. oil company. We're concerned that the impacts of oil extraction in the Amazon may have no borders, because of the sensitive nature of its ecosystem and its central place in the life of indigenous people.

We are most troubled by our company's involvement in Block 39, located in the Northern Peruvian Amazon. Substantial evidence indicates the presence in Block 39 of four groups of uncontacted indigenous people living in voluntary isolation. Their names are the Abijiras, Aushiris, the Taromenane, the Arabela and the Pananujuri. Because they lack immunological defenses, they are susceptible to epidemics and mass death. Contact through oil exploration could lead to their extinction.

While Repsol YPF is the operator of Block 39 and ConocoPhillips owns the remaining 45%, we believe that this does not absolve ConocoPhillips of responsibility if a conflict occurred or if these people die off from diseases.

The San Juan River Basin in the Southwestern U.S. is another story. Some call it a remote national sacrifice area. This region already has over 40,000 oil and gas wells after 50 years of development. The recently approved plan would allow another 10,000 wells over the next decade. This was done without compensation or consent with the local chapter houses of the Navajo nation. Notwithstanding the fact that the Navajo nation government has been consulted on some level.

We believe that our company should adopt and publish transparent verifiable policies and procedures for its relations with indigenous people. These should explicitly recognize the human right to free and prior informed consent for activities that will disturb their territories and cultures as detailed in the ILO Convention 169, the recently adopted UN Declaration of Rights of Indigenous People. This should also be true for any new oil and gas development in the San Juan Basin.

We also believe that indigenous people should be involved in developing these policies and procedures. Regarding indigenous people living in voluntary isolation, our company should respect their right to life, not enter their territory or seek contact. There are recent precedents.

We understand that [Talson] Energy recently committed to a written policy requiring free prior informed consent by indigenous communities (inaudible) in the Peruvian Amazon. And more than a year ago, SAPET, the Chinese Oil Company voluntarily withdrew about half of its oil concession in the Peruvian Amazon, where indigenous people living in voluntary isolation live.

I would like to mention that share owners and other stakeholders recently entered to an active dialogue with the Company on these issues and we welcome further productive engagement. In conclusion, as investors, we've seen how the reputation of oil companies can be harmed by involvement in human rights controversies when they (inaudible) access to reserves.

We believe that it's imperative if ConocoPhillips wants to be seen as a sustainability leader, that it upholds its reputation for dealing fairly with indigenous communities. Otherwise, it may cut off from lucrative development [purchasing] in the future. Thank you very much.

JIM MULVA: Mr. Heim, thank you. The Board's response to this proposal begins on page 80 of the Proxy Statement. The Board recommends that you vote against this proposal. I will now take stockholder comments on this proposal.

Since there is no discussion on this proposal, we will proceed to item number six on the agenda, a proposal to adopt a policy that provides shareholders the opportunity to vote on advisory resolution ratifying the compensation of the named executive officers submitted by the American Federation of State, County and Municipal Employees.

I will now recognize the designated representative of the American Federation of State, County and Municipal Employees to introduce this proposal and make a brief supporting statement. Is Mr. Scott Adams here? Mr. Adams, the introduction and supporting statement, if you could limit it to five minutes, please. Thank you.

SCOTT ADAMS, REPRESENTATIVE, AFSCME EMPLOYEE'S PENSION PLAN: Fellow stockholders and members of the Board, thank you for the opportunity to speak. My name is Scott Adams, and I am representing the AFSCME Employee's Pension Plan. I hereby move stockholder's Proposal Six asking our company to give shareholders a Say on Pay in the form of an advisory vote to ratify the compensation of named executive officers.

This year Say on Pay proposals have been filed at more than 90 companies by stockholders concerned by the heads, I win; tails, you lose relationship that too often exists between executives and shareholders, where top executives are always rewarded exceedingly well no matter how they perform, while stockholders are left holding the downside risk. So far this year, Say on Pay has been passed at Apple, where they had returns of 99% last year and at Motorola.

Say on Pay is a growing governance trend in other markets, Britain, The Netherlands, Australia and Sweden have each adopted measures allowing shareholders to vote on executive pay. Whereas, here in the U.S., the system for paying CEOs is broken.

Here at our company, Chairman and CEO J. J. Mulva made more than 50 million in reported compensation in 2007. That puts him in the top 80% -- or, in the top 20% of executives in the S&P 500. All told, the seven named executive officers received more than 100 million in total compensation for 2007.

Our company believes that writing the Board or attending the annual stockholder meeting is a more effective means for providing input on compensation at ConocoPhillips. We disagree. This is simply impractical. Whereas, an advisory vote would give stockholders a direct voice in ConocoPhillips' compensation practices.

The Company wrote, regarding this proposal, rather than simplify communications with the Board, the Board believes that this proposal would create confusion and that the lack of clarity as to the meaning of the vote results would eliminate any benefits this proposal might enjoy. Stockholders vote for or against matters for many different reasons. And the Board and the Compensation Committee would be left to interpret the results under the proposed referendum.

This is an up and down vote. It's very clear. At Aflac, [they] adopted Say on Pay last year. They were the first company to use it. And recently, shareholders at Aflac approved, by over 90%, the compensation package of the executives. They said compensation is in line. Compensation is about right. Aflac can do it. Lots of people know who Aflac is.

My five-year-old knows who Aflac is through watching college football games. They weren't afraid to do this. They weren't afraid to put their compensation to shareholders and shareholders responded with a resounding yes, we agree. It's in line. It's a good thing. Other companies are starting to get the message as well. Risk Metrics and Littlefield will do the same with Say on Pay and next year, Verizon, Par Pharmaceuticals, Blockbuster and MBIA will also have a Say on Pay.

Executive pay should follow a very simple principle that owners should determine the going rates for CEO pay. This is not some unreasonable demand as it is shareholders who own companies. As long term investors, we want to see pay for performance. Stockholders are looking for the power to ensure that both risk and reward are shared equitably between shareholders and top executives.

ConocoPhillips, don't be afraid of corporate governance for tomorrow. You can show your commitment to stockholder accountability by implementing an advisory vote to ratify the pay of named executive officers. And we urge stockholders to vote for this proposal.

JIM MULVA: Mr. Adams, thank you. The Board's response to this proposal begins on page 82 of the Proxy Statement. The Board recommends that you vote against this proposal. I will now take stockholder comments on this proposal.

DR. TOM BORELLI: Morning, again. It's Tom Borelli, Free Enterprise Action Fund. And we oppose this proposal, we think ConocoPhillips has been doing, in terms of share price of late has been done dynamic and we just love it. And everybody knows talent in a capitalist system gets rewarded and sometimes highly rewarded. And in this case, when you look at what other people make in other fields, $50 million really isn't that much when you considered Oprah Winfrey makes $60 million and she's an entertainer. Somebody can make $200 million by hitting a baseball. Talent gets rewarded.

A lot of people don't give credit to the immense responsibilities that a Chairman has. If he makes a mistake or if I have a question, as you know, I will ask some questions. But other than that, it's tremendous responsibility. If he makes the right choices, it's employment; it's 401(k)s; it's stock ownership, all this goes up. You don't want to the B team running the company. It's unfortunately, a lot of the A team right now are in private equity firms and running hedge funds. It's really important for the capitalist system to reward those who make the right decisions.

This Say on Pay is nothing more than one of the union fund groups trying to regulate everything. So, again, I stand in opposition to the shareholder proposal.

JIM MULVA: Thank you. Further comments or discussion on this agenda item? Since there's no further discussion on this proposal, we will proceed to item seven on the agenda, a proposal requesting that the Company provide a report, updated semi-annually, disclosing policies and procedures for our political contributions and expenditures, as well as an inventory of political contributions and expenditures made by the Company, and it's submitted by the Nathan Cummings Foundation.

I will now recognize the designated representative of Nathan Cummings Foundation to introduce this proposal and make a brief supporting statement. Is Ms. Laura J. Shaffer here? Miss Shaffer, good morning.

LAURA J. SHAFFER, REPRESENTATIVE, NATHAN CUMMINGS FOUNDATION: Good morning.

JIM MULVA: If you could, when your supporting statement and all, limit it to about five minutes or less. Thank you.

LAURA J. SHAFFER: That's fine. My name is Laura Shaffer and I'm here on behalf of the Nathan Cummings Foundation to move Proposal Number Seven, which does seek a report on ConocoPhillips' political contributions. I would like to take a few moments to explain why we believe a request for disclosure is necessary. Disclosure leads to greater accountability and oversight.

Risk Metrics has stated transparency on matters that impact shareholder value including political contributions represent sound corporate governance practice. Following receipt of a similar shareholder proposal last year, ConocoPhillips did disclose some information relating to its political spending. While this was a positive development, we believe that the current disclosure is insufficient for several reasons.

First, while the Company now discloses aggregate amounts contributed to state and local candidates, it does not disclose how these funds are allocated among candidates. Furthermore, the current disclosure completely overlooks the numerous other avenues through which the Company might support political activities. These include providing support for certain state committees, ballot initiatives and groups organized at the federal level such as 527 and 501(c)(4).

Through these and other avenues, ConocoPhillips gave approximately $3.9 million in political contributions during the 2005/2006 election cycle. Current disclosure by the Company only covered $438,000 given to state and local candidates. As such, the information ConocoPhillips provides fails to give a full picture of the Company's use of corporate assets.

As with contributions relating to 527s and state ballot initiatives, shareholders are currently left to their own devices when it comes to obtaining information on the Company's trade association membership and related payments. Risk Metrics governance analytic service cited this as an important factor in its decision to recommend that its clients vote for this proposal.

While Conoco's Board members [view of disclosure] of dues paid to trade associations engaging in political activities could risk misrepresenting the Company's political activity. Many corporate directors appear to find this concern insufficient reason to avoid such disclosure. In fact, a recent survey of 255 corporate directors found that 75% supported the idea that corporations should be required to disclose payments made to trade associations and other tax-exempt organizations.

Gaps in transparency and accountability currently prevent shareholders from assessing the full scope of ConocoPhillips' political involvement. Other major energy companies have agreed to disclosure and accountability for their soft money contributions. As the number of leading companies, including United Technologies, Texas Instruments and Xerox, have gone a step further and disclosed their political spending through trade associations and other tax-exempt groups, ConocoPhillips should follow suit and implement this disclosure requested in Proposal Number Seven. Thank you.

JIM MULVA: Miss Shaffer, thank you. The Board's response to this proposal begins on page 85 of the Proxy Statement. The Board recommends that you vote against this proposal. I will now take stockholder comments on this proposal.

JAMIE CARROLL, REPRESENTATIVE, INTERNATIONAL BROTHERHOOD OF TEAMSTERS GENERAL FUND: Thank you, Mr. Chairman. My name is Jamie Carroll. And I'm here on behalf of the International Brotherhood of Teamsters, General Fund. The Teamsters are long term shareholders of ConocoPhillips and we are committed to the Company's long term success. We are a co-sponsor of this proposal. And we believe that full political transparency and accountability are in the best interests of the Company and its shareholders.

ConocoPhillips, as Laura explained, does not disclose a full breakdown of its political expenditures and does not disclose its full policies regarding political payments to trade associations and related groups. We believe that these gaps in transparency and accountability put shareholder value at risk.

We believe that adoption of this proposal would ensure due diligence regarding company payments to trade associations and related groups, would provide shareholders with a complete picture of the Company's political spending and would set an important standard for transparency and accountability across the Company. Thank you.

JIM MULVA: Thank you. Further comments? Since there's no further discussion on this proposal, we will proceed to item eight on the agenda, a proposal to have the Board of Directors set goals for reducing total greenhouse gas emissions from the Company's products and operations, submitted by New Covenant Funds. I will now recognize the designated representative of New Covenant Funds to introduce this proposal and make a brief supporting statement. Is the [Reverend Stuart McCall] here? Reverend McCall, good morning.

REVEREND STUART MCCALL, STOCKHOLDER, NEW COVENANT FUNDS: Good morning. My name is Stuart McCall. Mr. Chairman, Board of Directors and fellow stockholders, I am here representing New Covenant Funds, a family of mutual funds sponsored by New Covenant Trust Company, which is a wholly owned subsidiary of the Presbyterian Church USA Foundation.

We have sponsored this proposal out of our deep concern about climate change, an issue which we have worked on since 1987. Our proposal requests that the Board of Directors adopt quantitative goals based on current technologies for reducing total greenhouse gas emissions from the Company products and operations and that the Company report to shareholders by September 30, 2008 on its plans to achieve these goals. Such a report would, of course, omit proprietary information and be prepared at a reasonable cost.

We believe it is essential for our company to measure its complete footprint and set a target for reduction of greenhouse gas emissions. Our experience is that this helps the Company make progress and allows it to communicate more clearly to stockholders and the general public about its performance.

We appreciate the many initiatives the Company has already taken. But, again, we feel a target would enhance those efforts. And we are grateful for the opportunity to talk with the Company officials and hope that we can have further discussions. And thank you for this opportunity to present this proposal.

JIM MULVA: Okay. Thank you, Reverend McCall. The Board's response to this proposal begins on page 87 of the Proxy Statement. The Board recommends that you vote against this proposal. I will now take stockholder comments on this proposal.

Since there's no discussion on this proposal, we will proceed to item nine on the agenda, a proposal to have the Board prepare a report on the Company's environmental accountability to communities where the Company operates, submitted by the Church Pension Fund. I will now recognize the designated representative of the Church Pension Fund to introduce this proposal and make a brief supporting statement. I believe Mr. John Horning is here and so I ask if you would, Mr. Horning, keep your introduction supporting statement to less than five minutes if you would. Thank you.

JOHN HORNING, EXECUTIVE DIRECTOR REPRESENTATIVE, WILDEARTH GUARDIANS: Thank you. Good morning, Mr. Chairman. My name is John Horning. I'm the Executive Director of WildEarth Guardians of Santa Fe, New Mexico. On behalf of the Episcopal Churches Pension Fund and the Domestic Informed Missionary Society of the Protestant Episcopal Church in the United States of America, both shareholders, I hereby move Item Nine, a stockholder resolution on community accountability for consideration by ConocoPhillips shareholders during the Company's 2008 Annual Meeting.

The proposal requests that the Board of Directors report to shareholders, at a reasonable cost and omitting proprietary information, on how the corporation ensures that it is accountable for its environmental impact in all of the communities where it operates. The report should contain the following information.

First, how the corporation makes available reports regarding its emissions and environmental impact on land, water and soil, both within its permits and emergency emissions to members of the communities where it operates. Second, how the corporation integrates community environmental accountability into its current code of conduct and ongoing business practices. And third, the extent to which the corporation's activities have negative health affects on the individuals living in economically poor communities.

The proponents of this resolution believe that a person's access to clean air, water and soil should not depend on his or her race, income or neighborhood. A clean and healthy environment is a human right that every person should enjoy. But many people are negatively affected every day by the operations of companies. It is also the case that people who live in environments that are not clean and safe are often poor people and people of color.

The resolution notes, for example, that a 2004 study published in the Journal of Epidemiology and Community Health concluded that authorities like oil refineries operated in more heavily African-American counties, "Seem to pose greater risk of accident and injury than those in counties with fewer African-Americans." We believe that companies should follow consistently high standards wherever they operate no matter who the neighbors on their fence-lines are.

Our resolution requests that the Board report to shareholders on how it ensures that it is accountable to every community in which it operates. Accountability should include reporting, not just on the corporation's aggregate environmental performance, but also on the corporation's performance in each community where it operates.

If you lived next door to a particular company's facility, you would be most interested in how well that local facility is performing. Such information related to facility-level emissions and environmental impacts on land, water and soil should be timely and easy for each community's residents to understand.

Now, it is commendable that the Company has established nine sustainable development commitments and engages in community engagement activities, this does not substitute for the regular disclosure of data that helps each community know how well its ConocoPhillips facility is performing. The resolution also requests that the Company report on how its activities have negative health effects on individuals living in economically poor communities.

Over and above reporting on emissions or on corporate policies and standards, what is of greatest ethical and practical concern is whether the operations of a company negatively affect people and particularly the neighbors of this facility.

Gathering and tracking data about the health impacts of ConocoPhillips' operations would do much to assure stakeholders that the Company truly holds itself accountable to all of the communities that host its facility. Communities are often the forgotten stakeholders in terms of corporate activities and impacts. No corporation can operate without the resources that local communities provide. But it is often these communities that bear the brunt of corporate activities.

We encourage shareholders, who believe that ConocoPhillips should take seriously its ethical responsibilities to all of the communities that host its facilities, to vote for this resolution. Thank you, Mr. Chairman.

JIM MULVA: Mr. Horning, thank you. The Board's response to this proposal begins page 89 of the Proxy Statement. The Board recommends that you vote against this proposal. I'll take stockholder comments on this proposal. Morning.

MONIQUE HARDEN, REPRESENTATIVE, ADVOCATES FOR ENVIRONMENTAL HUMAN RIGHTS: Good morning. My name is Monique Harden. I'm with Advocates for Environmental Human Rights. And I'm here with a number of people, residents, who live near a ConocoPhillips refinery in Mossville, Louisiana. And my comments are in response to the reasons stated by the Board of Directors for voting against Resolution Number Nine on community accountability.

In your reasons, you state that the resolution would be unnecessarily duplicative because of statements and commitments in writing that ConocoPhillips has made such as the 2005 Sustainability Report and its commitment to the Universal Declaration on Human Rights. However, since those commitments and statements that the corporation had made, it has not improved the lives of African-American residents who live near your refinery.

In particular, the community of Mossville, the report -- what ConocoPhillips passes on to the people of Mossville, Louisiana have been widely distributed -- I don't know if you need a copy -- indicates that in the last two years, your refinery in that community released 56 million pounds of sulfur dioxide, a lung damaging pollutant. That's almost, for every $1 compensation you've earned, a pound of sulfur dioxide that's poured into this community, where 88% of the residents report suffering from respiratory damage.

In addition, your refinery in the Mossville community release dioxin compounds, very harmful cancer causing, hormone disruptive chemicals that have been found in the households of Mossville residents, in the foods they grow and have poisoned the fish that are in their local waters.

The people in Mossville recognize that their human rights are being violated by the ConocoPhillips Lake Charles refinery and they're demanding justice. One step forward is passing this resolution. Thank you.

JIM MULVA: Thank you. While we respect the comments that you made, the reference to the materials and statistics, we've not had an opportunity to really review. And I think--

MONIQUE HARDEN: The information's based on governmental data that the ConocoPhillips Corporation has submitted. So, it's your toxic release inventory that's submitted to the Environmental Protection Agency. And it's your refinery accident that has been submitted to the Louisiana Department of Environmental quality and the Calcasieu Parish Emergency Preparedness Offices.

JIM MULVA: Okay. Thank you. Further comments on this agenda item?

DAVE PRANT, REPRESENTATIVE, MOSSVILLE, LOUISIANA: Yes. My name is [Dave Prant] and I'm a Mossville resident. And I want to reiterate what the gentleman just before [Michelle] had spoken concerning the health impact. A few years ago, the federal government did a study, blood analysis, and in this analysis, it was found that many residents of the community had higher levels of dioxins in blood. And as a result, many people have died since.

People have come -- they've developed cancers and all sorts of other ailments, respiratory ailments, skin, skin problems. And there's no accountability seems like or no response from ConocoPhillips because many of the compounds that were found in blood are produced or released by your company, our company. And we need some accountability of that; medical needs, for example. They're being ignored. And we need to take care of that. Thank you.

JIM MULVA: Thank you. Well, we, as a Company, are fully accountable for all of our investments and all of our operations, not only with respect to clients -- in compliance with the rules and regulations, federal government, state government or communities, but we have standards that are even higher than what is required by law. And we do monitor everything that we do in terms of water emissions, air emissions.

And, so I fully respect the comments you're making. But I would also say, though, that we do establish a higher -- highest standards possible in terms of technology and all to achieve and try to accomplish essentially just what you're outlining in terms of health safety of our employees, contractors and communities where we operate.

Since there are no further discussion on this proposal --

DOROTHY FELIX, SHAREHOLDER, MOSSVILLE, LOUISIANA: Yes, I --

JIM MULVA: Oh, I'm sorry. Okay.

DOROTHY FELIX: Yes. Okay. Thank you. I'm Dorothy Felix, a stockholder and a resident from the Afro-American community, Mossville, Louisiana, which is surrounded by 14 large industrial plants. I saw this community grow from a wooded area to a thriving community. This community has gone from good to bad and from bad to worse and from worse to a dying community. Conoco is the number one enemy in our community because of its operating procedures and the way it reports to the community about all the accidents that occur in the plant.

This community releases millions of pounds of dangerous chemicals yearly that engulf our community. This company fails to let the public know exactly how much chemical has been released and the kinds of chemicals that were released. Residents of Mossville have worked hard to gather information and data that was never released to the community. This information has been compiled in the report as has been seen, and you can also go to www.ehumanrights.org.

If Conoco continues to operate as they have been violating our human rights in our community, our community will die out from illness and diseases caused from these chemicals. So, we urge you, as stockholders, to support us with a resolution that will make the Company change its operating and procedures to the community. Thank you.

JIM MULVA: Thank you.

NATHALIE WALKER, REPRESENTATIVE, ADVOCATES FOR ENVIRONMENTAL HUMAN RIGHTS: Good morning, I'm Nathalie Walker. I'm an attorney with Advocates for Environmental Human Rights in New Orleans. I have worked with the Mossville, Louisiana community for many years now. As was indicated previously, ConocoPhillips emits dioxins in the Mossville community. For those who may not know, dioxins are a series of compounds that are the deadliest chemicals known to science.

The health effects of dioxins in humans include cancer, damage to the reproductive systems, impairment of the immune system and extensive disruption of normal hormone functions including neurobehavioral development in children. This is bad stuff. It has been documented that the residents of Mossville are suffering all of these consequences.

Nothing you say today about community accountability can be true with respect to Mossville, Louisiana. The dioxin problem has never been discussed with the community. It has taken us years of working with your documents and the government's documents to establish that. The types of dioxin you emit are the types of dioxin that are in the blood of Mossville residents, in their yard crops, in their house dust and in the fish in the area.

We are not proponents of wiping our African-American communities off the map, as has so often happened in Louisiana because of pollution. But, in the case of Mossville, ConocoPhillips has got to do something. It's not me saying this. It's your documents. It's the government's documents, not our documents, upon which this report is based.

For those in Mossville who want to be relocated, you must relocate them. They are sick. They are dying. And if there is any meaning to your discussion of community accountability, you will enter into discussions about relocation of the Mossville community. They were there over 100 years before you were there. Do something.

JIM MULVA: Thank you. I think we pretty well understand, certainly, the supporting comments. I'll take one more.

MICHELE ROBERTS, REPRESENTATIVE, ADVOCATES FOR ENVIRONMENT HUMAN RIGHTS: Good morning. My name is Michele Roberts. I, too, am with Advocates for Environmental Human Rights. I have the distinct opportunity of being in the Mossville community with those members -- residents of Mossville back in February of 2008, where we were conducting health surveys of the community.

Again, as the residents and my colleagues acknowledge the fact that this, this was a pristine community that was formed back in 1790, as your commercial alluded to the grandfather passing on to his grandson the opportunity of being able to fish in the bayous. They fished there many years ago. But now, that cannot occur.

As I had the opportunity of meeting people from house to house, there was not one home that I visited where someone was not ill. There are women in their 50s with their white blood cell counts depleting as we speak. There are children, age six, seven, eight and nine years old, that are sleeping with breathing machines, asking why it is that their friends are sick and why they must sleep with these machines. There are people that would like to be able to be relocated, but, indeed, cannot. There are those who wish to remain, but need to be able to have the sufficient health coverage that they need.

If you are indeed a good neighbor, then you would practice neighborly practice by being sure that these -- the community is honored in their request. Again, as we heard earlier about this global warming and the greenhouse effect, we notice, as we're getting more and more storms and that is where the community is even more so mindful of, and fearful of. We learned with Hurricane Rita, people had to be evacuated from their homes.

And then while I was there in February, I also had the opportunity to see what it looks like at ConocoPhillips late at night when the flares go up so high, I was so afraid because I didn't know if something happened, how is it that I would evacuate.

So, I appeal to all of you to reach within your conscience, heart and understanding and know that if, indeed, you are a good neighbor, you will honor the people who actually were there before you were there and are taking in the toxins that you are releasing; 56 million pounds of sulfur dioxide is unconscionable. I ask you, sir, does your community have that level of toxicity. And if it is so safe, I ask you, sir, to live in the community next door to the refinery and see if you feel as we do. Thank you so very much.

JIM MULVA: Thank you. We've -- maybe I could take --

CHRISTINE BENNETT, REPRESENTATIVE, MOSSVILLE, LOUISIANA: I am a member of the Mossville community. That's the only community I have ever known. My name is [Christine Bennett] and I'm a guest of Dorothy Felix, a shareholder.

I just want to say I am one of the people there in Mossville that is suffering with the white blood cell that is caused from the dioxin also. They don't know why they are depleting. But I want to live. I want to see my grandkids live. I've lost some -- two brothers and a father in the community. This is the only home that we have. And we're asking, right now, pleading for your help to please, somebody help us.

The little community was large, but now they moved out part of our community because of what they did. Now, they left us there because they say the water or the fumes is not in our area yet. But, yet, it's one community. And you're going to move some and not the others and yet you're killing us.

All we ask is for help and we ask everyone here, you may -- it may not seem important to you right now, because you're not in this little African-American community. But, we're there. And we just want to live just like you all are living. Thank you.

JIM MULVA: We take very seriously all -- the points that you have made from the community have been clearly made and forcefully made. And we understand and I assure you, we will look into the matter very thoroughly, very carefully. And we will, in a very transparent way, communicate back to the community. So, appreciate the comments that have been made.

Right now, proceed to item ten on the agenda, proposal to have the Board prepare a report on the environmental impact of drilling in the National Petroleum Reserve in Alaska, submitted by Green Century Capital Management. I will now recognize the designated representative of Green Century Capital Management to introduce this proposal and make a brief supporting statement. Is [Mr. Michael Beady] here? Morning, go ahead.

MICHAEL BEADY, REPRESENTATIVE, SIERRA CLUB: Good morning, thank you. Mr. Chairman, Directors and shareholders, thank you for the opportunity to be here this morning. My name is Mike Beady and I work for the Sierra Club. This morning I'm here representing the more than 1.3 million members and supporters of the Sierra Club, along with Green Century Capital Management, the filer of this resolution.

I'm here this morning to ask you to vote yes on the Drilling in Sensitive and Protected Areas stockholder resolution, Item Number Ten on the proxy card. This proposal will help to protect the world class wildlife habitat and irreplaceable wetlands around Teshekpuk Lake in the National Petroleum Reserve-Alaska. In addition, the proposal will enhance our company's reputation as a leader in environmentally responsible energy recovery.

In May of 2007, more than a quarter of our company's shareholders asked the Company to consider a policy of refraining from drilling in and around Teshekpuk Lake. Also, in 2007, ConocoPhillips returned several leases located just to the south and east of Teshekpuk Lake. On behalf of the members of the Sierra Club and on behalf of Green Century Capital Management, I wanted to publicly acknowledge those leases being returned and thank the Board for their public policy statement on the issue of climate change.

The area that we're talking about here is an area located within the National Petroleum Reserve-Alaska. The Petroleum Reserve was established in 1976 and yes, it is a petroleum reserve. However, in 1976, when it was created, there were three special areas designated and protected. That is off limits from oil and gas drilling. One of these special areas is the Teshekpuk Lake wetlands complex. Since 1976, each subsequent administration has protected these three special areas including the Reagan Administration and the first Bush Administration.

In 1998, the Clinton Administration moved to open portions of the NPRA. However, then-Secretary of the Interior Bruce Babbitt still continued the protections for certain critical wildlife habitat areas in and around Teshekpuk Lake. In 1998, approximately 580,000 acres were protected from oil and gas leasing. This area represents only 13% of the total National Petroleum Reserve.

If I may digress here a moment, I've worked for the Sierra Club for ten years now. And I think environmentalists in the Sierra Club are often accused of saying no to everything. We're trying to protect every tree and every critter. So, this may be the only time when the Sierra Club comes before you and the Board and only asks for 13% to be protected. We think that's a pretty reasonable and pretty balanced approach to oil and gas drilling in the circumpolar arctic region.

Drilling in this special protected area would not only harm the core wildlife habitat of caribou and migratory water fowl, but it'll have a -- it will also have a significant impact on the Alaskan natives who rely on these wetlands and those wildlife for their subsistence, fishing, hunting and their cultural and historic values.

ConocoPhillips' literature states, and I quote "For several decades, the Company's focus has been on preserving and protecting the habitats of birds all over the world. ConocoPhillips and its employees participate in a broad variety of projects to help refine scientific knowledge about birds; to protect and improve wildlife habitats and to provide educational programs about birds."

Pledging not to drill in sensitive ecosystems will enhance our company's image and reputation with consumers, elected officials, current and potential employees, as well as investors. On behalf of the Sierra Club and Green Century Management Funds, we feel that this resolution is a balanced and reasonable approach to protecting and preserving the most sensitive and valuable wildlife habitat in the NPRA, while allowing oil and gas development on the remaining 87%.

For these reasons, I'm here today to urge everyone to vote yes on Item Ten, Drilling in Sensitive and Protected Areas. And thank you very much for your time.

JIM MULVA: Mr. Beady, thank you. The Board's response to this proposal begins on page 91 of the Proxy Statement. The Board recommends that you vote against this proposal. I will now take stockholder comments on this proposal.

Since there's no discussion on this proposal, we will proceed to Item 11 on the agenda, a proposal to have the Board prepare a report on environmental impact that would result from the Company's oil sands operations in Canada, submitted by Trillium Asset Management. I will now recognize the designated representative of Trillium Asset Management to introduce this proposal and make a brief supporting statement. Is Miss Laura Shaffer here?

LAURA J. SHAFFER: Yes.

JIM MULVA: Miss Shaffer.

LAURA J. SHAFFER: I've been asked to read the following brief statement on behalf of Trillium Asset Management Corporation. Trillium Asset Management Corporation requests your vote on Proposal 11, which requests that an independent committee of the Board prepare a report on the environmental damage that would result from the Company's expanding oil sands operations in the Canadian boreal forest. Our Company intends to expand its output of bitumen from the Canadian tar sands to 1 million barrels a days in the next two decades.

This represents a nearly 50% increase over our current worldwide production of crude, natural gas and natural gas liquids and would make ConocoPhillips the largest player in oil sands. But with this huge opportunity comes significant risk. As our resolution indicates tar sands development leaves a huge hole on the local and regional environment and the global environment by virtue of producing higher greenhouse gas emissions than conventional oil through lifecycle of the product.

Canada has missed its Kyoto protocol targets due to accelerated tar sands development. The oil sands threaten the viability of the Athabasca River and numerous species that depend upon it and the region's Canadian boreal forest, which has already been greatly degraded by oil development and industrial logging. This forest has been identified by the United Nations Environmental program as one of the world's hot spots of environmental change.

Earlier this year, one of our executives told a reporter that we would be a fast follower if other companies were successful in using nuclear energy to power Canadian oil sands operations. Investing in nuclear facilities to power bitumen extraction would, of course, exacerbate environmental risk and the level of controversy by many factors.

With each passing month, oil sand development is becoming more difficult. Pressure is mounting from the Canadian public, regulators, indigenous and environmental groups. The U.S. passed a law banning government purchases of unconventional fuels such as bitumen, whose lifetime greenhouse gas emissions are greater than that of conventional fuel.

Just two weeks ago, the death of 500 ducks that landed in a tailing pond of Syncrude made international news. The Boreal Songbird Initiative called these deaths a drop in the bucket of millions of birds that will be lost if the tar sands expand as planned.

Fellow shareholders, our company's existing environmental reporting does not adequately discuss the potential cumulative impacts of our operations on ecosystems from the local to the transnational. These are the impacts for which ConocoPhillips' investors will bear ultimate responsibility. We, therefore, urge you to vote yes in support of Proposal 11. Thank you.

JIM MULVA: Thank you. The Board's response to this proposal begins on page 93 of the Proxy Statement. The Board recommends that you vote against this proposal. I'll now take stockholder comments on this proposal.

Since there's no discussion on this proposal, we will proceed to Item 12 on the agenda, a proposal to have the Board prepare a global warming report discussing how action taken to date by ConocoPhillips to reduce its impact on global climate change has affected the global climate, submitted by Action Fund Management, LLC. I will now

recognize the designated representative of Action Fund Management to introduce this proposal and make a brief supporting statement. Is a representative from Action Fund Management here?

DR. TOM BORELLI: Good morning. It's Tom Borelli, again, from the Free Enterprise Action Fund. We urge fellow shareholders to vote for our proposal calling for global warming report.

The reason is clear. We are in the middle of an environmental bubble where any corporate action colored the shade of green gets a pass from analysts, shareholders and Board members. Unfortunately, this good company, and I will repeat, this good company misunderstands the nature of the battle and the consequences of implementing -- nature of the battle and that consequently, is implementing the wrong policies at the wrong time.

ConocoPhillips is in the crosshairs in the war against fossil fuels. Just look at the other shareholder proposals, indigenous species, people, drilling in sensitive areas, environmental impact. This is a war against fossil fuel. No matter what you do, you will not be liked. These people believe oil is evil; exploration is bad and they want to stop production of oil.

Unfortunately, in response to this, ConocoPhillips is feeding into this frenzy by underestimating the impact of global warming alarmism on its business. Even a superficial review of this possibly show global warming alarmism and regulations should be feared, not embraced.

ConocoPhillips is a member of the United States Climate Action Partnership, an organization that is actively lobbying for regulation of greenhouse gas emissions. Capping emissions on fossil fuels that currently provide 85% of our energy means higher energy prices for its consumers as well as slower economic growth.

Let's look at the economic consequences of the Lieberman-Warner Act, Climate Act that's moving now in the Senate. According to the National Manufacturer's Association, a trade association which I imagine ConocoPhillips is part of, did an economic analysis and this is what they found. Employment losses up to 1.2 million to 1.8 million in 2020; household income losses up to $2,927 in 2020; electricity prices going up as much as 33% and gasoline prices going up as much 69%, all by 2020.

Now, according to the Environmental Protection Agency, the loss in GDP could be as high as 983 billion. And by 2050, the loss could grow as high as 2.8 trillion. That's a lot of dollars. Now, what's the environmental reduction -- what are we going to gain in terms of a benefit? With respect to these, cross-environmental benefits would be negligible. Atmospheric carbon dioxide levels would be 25 parts per million lower by 2095. That's almost 100 years from now.

So, your cost benefit analysis is 25 parts per million for trillions of dollars in loss of economic growth. You have the background in finance, obviously, (inaudible).

Now, let's -- obviously, this is bad for ConocoPhillips and for its shareholders. Now just a -- one to two lines on global warming science. It should be noted that a judge in the United Kingdom ruled that Al Gore's Inconvenient Truth had a number of inaccuracies and exaggerations about global warming, for which there was currently insufficient scientific evidence, and that the film promotes a partisan political view.

Because of this, schools in the U.K. will have to issue warnings before they show pupils Al Gore's film. If a judge can find such exaggerations in global warming science, it seems ConocoPhillips should be able to do the same.

Lastly, and probably most importantly, since there are going to be -- there was a public policy consequences for ConocoPhillips in the oil industry. Because of high gasoline prices, the oil industry is the political whipping boy of Presidential candidates and other politicians seeking to gain popularity by demonizing[F1] oil executives.

Why is this happening? Well, simply because the price of energy is very high. Why is the price high? It's because the demand is up and supply is flat.

Now, capping energy via cap and trade, will only drive gasoline prices higher and increase the political pressure on ConocoPhillips, which will then lead to lower public opinion, more political outrage, ultimately leading to windfall

profit taxes, regulations and lower profitability. This is a negative cycle that needs to broken. The only way to break this cycle is for the Company to understand these political consequences, and seek to increase the supply of energy in the country.

Now, this certainly can happen if you had, and if other companies had, the courage to do it. Instead of U.S. CAP, you should be a part of a coalition called U.S. Drill. You should be drilling in the Outer Continental Shelf. You should be drilling in ANWR. And you have an opportunity now to do this with gasoline prices as high as $4 a gallon, you would have the public behind you. Right now, a lot of oil revenue goes to the Middle East. You have a window of opportunity here to promote energy independence by drilling and by increasing the supply.

The path you're on now, by capping energy, is only going to lead to lower economic growth. And you're going to find yourself, once again, testifying in Congress. So, we urge shareholders to vote for our proposal. Thank you.

JIM MULVA: Thank you. The Board's response to this proposal begins on page 95 of the Proxy Statement. The Board recommends that you vote against this proposal. I will now take stockholder comments on this proposal.

It appears to be no comments on this proposal, we will take a vote on all proposals properly before the meeting today. Make clear that the polls are now open. If you have not completed your ballots, please do so at this time. The meeting hosts will now collect the ballots. Please pass any ballots to the aisle so that they may be collected.

It appears that all ballots have been collected. So, I declare that the polls are closed. While the Inspectors of Election are counting the votes, I have a presentation that reviews the progress and performance of your company in 2007 and first quarter 2008, and we'll address what our strategies and plans are for the Company over the next several years.

The slide presentation I have, and all of our presentations, we have a Safe Harbor slide or provision with respect to comments that we may be making on estimates and forward-looking projections. It's a standard in all of our presentations.

Moving through the Company, ConocoPhillips, as you can see on this slide, we are integrated international energy company. And we operate in 40 countries. In 2007, you can see that our earnings, $16.4 billion. That takes into account an adjustment for the expropriation of our Venezuelan assets and business.

Cash from operations nearly $25 billion. Debt to capital ratio, a strong balance sheet, about 19%. Our annual revenues are nearly $190 billion. We have 33,000 employees, the diversified portfolio, very strong assets, both upstream and downstream around the world. The end of last year, our market cap was $139 billion with a A1 credit rating.

The business environment that we operate in under is very, very challenging. We see in certain parts of the world, like the western world and backing off of a strong economy moving into a rather very weak economy. It's the western world as well as Europe. And we see strength, continue strength of the economies and increasing demand for energy and oil and gas in the Asian markets particularly large countries like China, India, as well also in the Middle East.

We see intensive competition and it really comes from the increasing scope, size and capability of the national oil companies. And we, as international oil company, have less access to resources. And so, you see the nationalism that takes place with the largest countries that have the oil and gas resources. We intensely compete for the access and with the national oil companies, with their increased capability, both in technology, people and financial resources, they now compete outside their host country.

We see oil and gas prices in the markets that we operate under continuing to be quite strong; quite strong as compared to historical prices that we've achieved or what we recognized ten years ago, five years ago and even in the last several years. We see this as a result of increasing demand. And the question with respect to where the supply comes from and we do have geopolitical risk that have to take into consideration.

In terms of our shareholders and our stakeholders, we obviously -- there's a great deal of concern by the American public and the public in the world at large of the volatility in the cost of energy. And also, as you've heard, the comments made and the proposals made to the -- at this shareholders meeting, concerns with respect to climate change and how is energy provided. We're going to respond to it.

And we also have a resource challenge, human resource challenge; not just our company, our industry, but all industries to ensure that we have the people not only to run our company today, but to fund the investments and the growth of our company going forward in the future. This shows commodity prices. It's representative primarily what happens in these commodity prices to the operating and financial performance of our company.

The left hand side of the slide, you can see the -- shows West Texas Intermediate price per barrel of oil. And we have just a line at the top that shows what was the price as of May 12th, earlier this week. And you, obviously, can see not just volatility, but you can really see more there have been times of volatility. But from year to year, you can see a dramatic increase in the price of oil.

In the middle part of that slide, you can see Henry Hub, which is a marker for natural gas price in the United States. And you can see here recently in excess of $11 an Mcf. And then if you go to the right hand side of the slide, that means U.S. Gulf Coast crack spread. Crack spread means that what is the value of the refined product that comes out of the refinery after we subtract the cost of the crude oil that goes into the refinery to make the refined product.

And you can see that we've experienced some very strong crack spreads over the last several years. Now, they really backed off in the latter part of 2007 and the first quarter of 2008. But they have come back here just in the last several weeks.

Obviously, the price of energy has a real impact to the public at large purchasing the products that come from oil and gas. It obviously, also, has an impact with respect to financial performance of the Company.

Talk about the oil supply challenge. This graph is prepared by the International Energy Agency. And what you can see is currently the world use about 85 million or 86 million barrels of oil a day. And if you look out to 2020 and 2030, it shows that the demand potentially could be as much as 120 million barrels a day. The blue and the shaded light blue shows just the natural decline of existing production.

The red shows what new oil production needs to come on to meet that demand. And, quite frankly, I look at this and think it's going to be quite a challenge for the industry to ever be producing as much -- supplying as much as 100 million barrels just because of the technical challenge going from conventional more towards reliance on unconventional oil, coupled with the concerns of climate change and greenhouse gas emissions. I think it's going to require probably a lot more conservation, use of all other forms of energy and constraint, hopefully, that would be able do too much more than 100 million barrels a day.

Here, in the United States, U.S. natural gas, natural gas is a superior fossil fuel in terms of greenhouse gas emissions. And you can see where the natural gas, we use about 23 trillion cubic feet a year in the United States. And we're going to be looking at -- there's going to be less imports coming from Canada.

And if you looked at this slide in prior years, compared to today, you would see that LNG importing coming into this country, we see that it will be deferred and come in less, lesser amounts because of higher price of natural gas in Europe and Asia. It's being competed away to those markets with less LNG coming into the United States. And Alaska's always ten or 12 years out in the future. So, we see quite a challenge in terms of supply of natural gas. And this will have an upward pressure with respect to natural gas prices.

So, having looked at the business environment that we operate under, we look at our company, which has essentially been formed over the last number of years through mergers, acquisitions and joint ventures. And we think we're really positioned, ideally positioned, in terms of our business lines and our assets and growth opportunities. We have 50 billion barrels of resources. Convert those resources into barrels that we can book, develop and ultimately produce.

You can see on the slide, we have a very strong position, both upstream and downstream in E&P and refining, transportation and marketing that we can, along with our position in Europe, that we can go to the more exotic places in the world like Russia, Caspian, Middle East and Asia to take positions as an energy provider to provide oil and gas resources and downstream investments and products.

We have a strong financial position. And what we say, really, what drives our company, we have the assets. We have the growth opportunities. But what will really drive, continue to drive the strength of our company is our technology and the strength of our worldwide personnel and workforce.

The strategic objectives of the Company are very consistent. We want to make sure that our returns in cash and income per barrel of oil equivalent were competitive with our peer group. And, by the way, when I talk about our peer groups, I'm talking about the largest international oil companies and that would be ExxonMobil, BP, Shell, Total and Chevron.

We want to improve our position against those peer group companies and return our capital employed. Keep the debt ratio, it's currently 19%, but in an area of about 20% to 25%, with about two-thirds of the Company at E&P, about 20% to 25% in the downstream. And then we have joint ventures and increasing our investments in alternative and renewables and other forms of energy sources.

We believe over the next number of years, we can more than replace our reserves that we produced with a growth of about 2% a year on barrel oil equivalent. This slide is first call. This is the financial community and what they think we will do in 2008. On the upper left hand side of the slide, you can see that the view with our cash flow from operations, management, sales we'll have about $28 billion of cash resources.

And as you look at the bottom left hand side of the slide, you can see about 55% goes towards the growth and development and maintenance and sustainability of our asset base, where we spend $15 billion or $16 billion for the Company; and about 45% goes towards distribution to the shareholders in the form of dividends and share repurchases.

And if you look at the right hand side of the slide, nearly 80% of our capital is going to developing new energy sources, maintaining our existing production in E&P. And then you see about 20% goes to the refining and balancing part of the Company.

Now, our E&P plan, you saw an earlier slide, we have about 50 billion barrels of oil equivalent of resources and a little bit less than 11 billion barrels of booked SEC reserves. So, basically, the plan that we have over the next five and ten years, is to convert that 40 billion barrels of resources into proven production. And you can see on the upper right hand side of the slide, how we expect that we're going to grow our production over the next number of years.

The downstream part of the Company, we have a very large position; one of the largest refiners in the United States, in the lower 48 states. We have a nice position in Western Europe and a rather small position in Asia. Most of our investment in the downstream is going to go primarily towards the refining side of the business.

We'll have some expansion of volumes. But, it's primarily to improve the capability of our refineries that handle lower quality crude because we think going forward, there's going to be more lower quality crude that's going to be made available that we're going to have to have more advanced refineries and capabilities to make clean fuels. So, that's where most of our investment will be, along with some pipelines in the downstream part of the Company.

Now, the commercial side of the Company is where we sell all of our E&P production around the world. And then the commercial side buys the crude oil to run through our refineries and then they sell the refined product. We do not speculate on prices or crack spreads. But we have very significant volumes in our company, for the size of our company, that we buy and sell. And so, we're able to create value. And we will be making investments going forward in storage capabilities and transportation that we think will help create value for this part of the business in the Company.

We have 20% ownership in LUKOIL. LUKOIL's a Russian integrated publicly traded company. And our 20% ownership, you can see, that as we made that investment, what has been the return over the last number of years. Now, some of that is as a result as we ramped up our ownership from 10% up towards 20%. But you also see the good financial performance of LUKOIL.

With respect to LUKOIL, we continue to work and find new opportunities that we can make investments in and outside Russia, both upstream and downstream. We have two very large joint ventures. I'll talk about the one on the left hand side of the slide. It's called DCP. It's Midstream.

And Midstream is one of the largest North America natural gas liquid producers. And this DCP, Midstream was formed 50/50 with Duke. Duke Energy ultimately spun it out into a publicly traded company called Spectra. So, that's why we are 50/50 with Spectra. It's a good joint venture; creates good value for our company and for the shareholders.

And if I go to the Chevron Phillips, that's a chemical joint venture that we do our chemical business around the world 50/50 with Chevron. And we've had good financial performance with the markets. In the last several years, the markets are under more pressure, so we don't see as strong a financial performance over the next several years. Most of our investment in the chemical business is really done in the Middle East because we have access to low cost natural gas, which is a primary feedstock to make the chemicals and the investments that we make in chemicals.

Now, the slide with respect to focus on safety and environment. At the top part of the slide, we have incredible programs. And we have programs with the culture of the Company is to continuously improve our safety performance and reliability of our operations. And you can see some of the dot points there that support what we're doing on the safety. And you can see on the upward part of the slide some of the metrics that demonstrate the progress we continue to make in safety performance, not only for our employees, but also for the contractors that work in the Company.

The bottom part of the slide is environmental. And what we are doing as a company to address climate change and environmental concerns of the public and society around the world. And what we feel very strongly is we have to have an energy policy. We need to have a climate change policy. And we also need to not only address greenhouse gas emissions and climate change, but also need to be a good steward of water resources.

Technology, we spend about $400 million a year in technology. It keeps going up every year. About $250 million of the $400 million is really dedicated to technical support of our existing businesses. And we take $150 million, and that keeps growing every year, to more developing technology, more exotic sources of energy. And you can see from this pyramid that the easy to find, conventional oil and gas is less and less available. So, we're having to look for unconventional resources to develop and then we go into the alternatives.

So, we're ramping up year by year and adding human resources and financial resources to provide the technology to develop these unconventional and alternative resources. In terms of our financial strategy, well, obviously, we have to have a financial program and plan of funds of $15 billion, $16 billion that we spend every year to maintain and to grow the Company. Competitive distribution is made up of share repurchases and dividends. And we want to maintain a strong financial position.

In the first quarter, we had a strong first quarter. You can see our net income was a little more than $4 billion. Cash from operations, $6.6 billion and we maintained a strong balance sheet. Keystone -- the word Keystone, that really relates to a new pipeline project by which we bring oil sand resources production into the Mid-Continent refineries in the lower 48 states.

In terms of the financial optimization and where -- how we handle shareholder distributions. On the left hand side of the slide, you can see dividends. We think it's good discipline to have a dividend increase every year. And you can see the compound growth rate of dividends over the last several years; they're a little bit more than 15%. We also think that with a higher share price, we want to have a better dividend to have yield support for the share price.

And then on the right hand side of the slide, you can see just the blue shows where our investment program, how we intend to have modest growth with respect to our production of oil and gas resources and expanded capacity of our downstream refineries.

But, when we buy shares in the marketplace, and we've been buying at the rate of $2.5 billion a quarter, you see the leverage effect shown in the red part of those bars of how much production is behind each share of stock, as we invest and as we buy our shares in, as well as the refining capacity behind each share of stock. We think this program will -- has, and will continue to be reflected in better share price and return for the shareholders.

I'm talking about shareholder return. In terms of shareholder return, that's made up of share price appreciation and dividend income. And then for the peer group shown in gray, that is the same peer group I outlined earlier, ExxonMobil, BP, Shell, Chevron and Total.

On the left hand side of the slide, last year we were in second place. You see where we were for third -- for three years, past three years, past five years, past ten years. Well, obviously, good returns for the shareholder. But, it's always -- we want to be working on maintaining and continuing this trend of returns for our shareholders.

And the last slide that I have, toward the bottom blue horizontal bar, it says we have a very high quality portfolio of assets upstream and downstream and around the world and a lot of growth opportunities. And if you see the three blue bars on the top of the solid one on the bottom, the way we're going to really create value with this asset base and these growth opportunities, we need to run well, day-in and day-out; be very reliable operations.

And then when we invest our $15 billion, $16 billion, we're going to make sure we capture the value that we intend and we execute our projects on time and within schedule. And we need to have a good financial optimization with respect to distribution, for balance and to grow the Company, add value that goes back to the shareholders in the form of dividends and share price appreciation.

We do all of this really, really well. We execute really well. You see the yellow, we'll continue to create great value for our shareholders. So, that really concludes the overview of 2007 operating financial performance, first quarter of 2008 and what our plans are; continue to be consistent in terms of how we're going to grow the Company and handle our financial affairs.

So, I'd like to do now is to move on to the voting results. And the Inspectors of Election, I think, have filed the certification of preliminary results of voting. So, Janet, would you please read the results.

JANET LANGFORD KELLY: Mr. Chairman, the preliminary results, based on the voting of shares represented by valid proxies on file and tabulated as of the meeting this morning, show that Harold McGraw, III, James Mulva and Bobby Shackouls have been re-elected as Directors.

The proposal to amend the Amended and Restated By-Laws and Restated Certificate of Incorporation to declassify the Board by providing for the annual election of Directors has been approved. The appointment of Ernst & Young as the independent registered public accounting firm for ConocoPhillips for 2008 has been ratified.

The stockholder proposal to have the Board prepare a report of the Company's recognition of indigenous rights has not passed with approximately 76% of the votes present in today's meeting voting against this proposal. The stockholder proposal to adopt a policy that provides stockholders the opportunity to vote on an advisory resolution ratifying the compensation of the named executive officers has not passed, with approximately 55% of the votes present at today's meeting voting against this proposal.

The stockholder proposal requesting that the Company provide a report, updated semi-annually, disclosing policies and procedures for political contributions and expenditures as well as an inventory of political contributions and expenditures made by the Company has not passed, with approximately 61% of the votes present at today's meeting voting against the proposal.

The stockholder proposal to have the Board of Directors set goals for reducing public greenhouse gas emissions from the Company's products and operations has not passed, with approximately 58% of the votes present at today's meeting voting against this proposal.

The stockholder proposal to have the Board prepare a report on the Company's environmental accountability to communities where the Company operates has not passed, with approximately 76% of the votes present at today's meeting voting against this proposal.

The stockholder proposal to have the Board prepare a report on the environmental impact of drilling in the National Petroleum Reserve in Alaska has not passed, with approximately 61% of the votes present at today's meeting voting against this proposal.

The stockholder proposal to have the Board prepare a report on the environmental impact that would result from the Company's oil sands operations in Canada has not passed, with approximately 60% of the votes present at today's meeting voting against this proposal.

The stockholder proposal to have the Board prepare a global warming report discussing how action taken to date by ConocoPhillips to reduce its impact on global climate change has affected global climate has not passed, with approximately 80% of the votes present at today's meeting voting against this proposal.

Mr. Chairman, that concludes the report of preliminary voting. The final results will be available for all stockholders in our next quarterly report on Form 10-Q. Stockholders may also obtain the voting results by calling or writing the office of the Corporate Secretary.

JIM MULVA: Thank you, Janet. I declare that Harold W. McGraw, III, James J. Mulva and Bobby S. Shackouls have been duly elected as Directors. The annual election of Directors has been approved. And that the appointment of Ernst & Young as ConocoPhillips' independent registered public accounting firm for 2008 has been duly ratified.

I also declare that the stockholder proposals that Janet outlined have been defeated. Now, that concludes the business portion of today's meeting. So, we will now take general questions and comments from stockholders. If you have a question or comment, you may approach the microphone nearest to you and a meeting host will be available to assist you. Why don't we start -- good morning.

UNIDENTIFIED AUDIENCE MEMBER: As an alternative to continuing almost total dependence on gasoline, diesel fuel and other products refined from crude oil to fuel motor vehicles and other forms of transportation, I am wondering, as a shareholder, whether T. Boone Pickens is correct when he recently said that a near term viable alternative to the continued use of crude oil products would be to liquefy natural gas for use in current generation automobiles, trucks, airplanes, ships, trains and other forms of transportation; especially considering that, while before today, I had the impression that ConocoPhillips was our number one producer of natural gas.

I saw on that chart, it said number two. But, is it currently economically feasible to liquefy natural gas for use in various forms of transportation?

JIM MULVA: Well, thank you. I mean, it is one of the options or alternatives that are being considered. We don't believe that it's economical at this point in time, both with respect to safety of putting such a system on the vehicle; the cost of it and then just the distribution of making that happen. But it is one of the things that I know our company looks at and our people in research.

And I know the industry is looking at, there's a possible opportunity long term. But at this point in time, we don't see that it's economical, commercial or something. It would take quite a while to do something like that.

Let me go to -- we'll keep moving along--

UNIDENTIFIED AUDIENCE MEMBER: Thank you.

JIM MULVA: --here. Let's go to the middle, next question.

MILES MCCABE, REPRESENTATIVE, MARIAN EXPOSE INCREASE: Mr. Chairman, members of the Board, my name is [Miles McCabe]. I represent the [Marian Expose Increase]. Two comments; one, I was pleased to hear your response to the Mossville community's request. I was really struck by the fact that I think there's an issue that our company really needs to address and I appreciate your being willing to do that from the comments that you made.

I think the second thing is related to it. There is, I think, an image question that all of the oil companies have to address, given the situation with the profits that the companies are making, given the situation with the fuel costs and people having to make decisions with filling their car and feeding kids in some cases, the ethanol disaster causing tremendous raise in prices in terms of corn and other basic commodities worldwide and whatever the repercussions of that. And then I think the results of the shareholder resolutions, although they were defeated, I think there's a fairly significant percentage that was basically for those proposals.

My question is it seems to me that the Company has to figure some way of making a very dramatic move in terms of saying that we're listening to some things. And it seems to me in looking at the report, we have roughly a 0.1% of the profits of the Company are going into truly alternative energy sources, that is non-fossil fuel energy.

And in the long term, obviously, I think everybody agrees that something has to happen in the long term. That seems to be a very, very small percentage, although it's increasing, it seems to be almost insignificant. And it seems to me that if we could make more of an investment in that, that would really help our image and I think perhaps our future position in terms of shareholder value.

JIM MULVA: Thank you very much. I think you raised maybe a few -- a question or two and some observations. It's also a good opportunity for me. A forum like the shareholders meeting, it was very clear the discussion on the community and the concerns of emissions or how good a partner we are in the community, we hear very -- I heard very clearly with respect to the concern of the community. And we will, as I said, thoroughly review, communicate in a transparent way, work with the community on that issue or any issue with any community around the world where we operate.

Now, the other point that you make in terms of high price of energy, high oil prices -- it's not really been our friend as a Company or as an industry. But as quite -- we recognize the human impact with respect to the public at large in terms of cost of energy. Also, the cost of all the other things that -- such as food, cost of education, cost of medical health, all of that. It seems everything continues to escalate. We're in the energy business. The high oil price has not been our friend. We see, as a result of this high energy prices, changes of contracts, changes of fiscal take, cost escalation.

We also find it's getting more and more difficult for us, energy providers, to get permits. Permits in some cases, even in the United States, where it takes us two years to add refining capacity and capability, where we actually add capacity and we lower the absolute level of emissions. It seems rather difficult why we can't get those things through.

We would like to invest more. Generally, our investments are in the traditional business that you see. Access, even onshore and offshore in the United States and North America, we don't have access to add supply. Others made the comment already this morning, we need to add supply. Demand continues to go up, but we need to add supply, particularly in the oil and gas resources that we know.

Now, we'd spend a lot more money if we could, if we got the permits, if we had more access. Now, with respect to how much money we spend in research and development, we think, as we look at our company, I want you to know that the management of the Company, the Board of Directors of the Company, we ask ourselves what do we want the Company to look like five years from now and ten years from now.

We recognize that we can't be exactly in the businesses that we've been in for the last ten, 15, 20 or 50 years. We recognize that we, as an energy provider, have got to be making and developing the resources and providing new sources of energy, unconventional, alternatives, renewables and do it in a way that meets the public's expectations of clean fuels and environmental expectations, not only with respect to air, but also with respect to water.

Our view is, we want to put the money towards the research and technology side, understand it, make good informed judgments so that we can then make billion dollars of investments to transform the Company from being the Company you see today into a more complete energy company five and ten years from now.

So, the very points that you make, I agree with. They're well made. And I just want you to know that we, in management and the Board of Directors, understand this clearly. It's a long term business. And we keep looking at what we can be doing to transform the Company, as an energy provider, five and ten, 15, 20 years from now.

Why don't we go over here on my left for next question.

MITCH ANDERSON, REPRESENTATIVE, CATHOLIC HEALTH EAST: Okay. Thank you. We're here representing [Catholic Health East],Sisters of St. Joseph of Springfield, [Miss Lilly Latoria]. I'm [Mitch Anderson], we're representing the indigenous peoples of the Peruvian Amazon (inaudible).

UNIDENTIFIED AUDIENCE MEMBER: Morning. I will be translating for Lilly Latori.

LILLY LATORI, REPRESENTATIVE, CATHOLIC HEALTH EAST: (Interpreted) My name is Lilly Latori. I work as a legal advisor of indigenous people to the Peruvian Amazon. Mr. Mulva, members of the Board and shareholders, I come from Peru to say first, that of all North American oil companies, ConocoPhillips holds the largest area of oil concessions in the Amazon basin. In Peru, alone, Conoco holds 12 million acres of rain forest concessions, an area greater than many European countries. This is an immense responsibility for your company. But, more importantly, it is a great vulnerability for you company because these concessions are very high-risk areas.

Conoco's operations will inevitably lead to thousands of kilometers of deforestation as a result of shooting seismic lines. It will also gravely affect fragile Amazonian ecosystems and will increase the debility of our planet through contributing to climate change.

Conoco's operations are located in the titled lands of indigenous communities. The neighbors of these communities have had a lot -- have had a lasting negative experience with oil operations in their territory; operations that have caused irreparable harm, even to death and contamination.

And the most grave aspect of Conoco's holdings is that your company is operating in an area where indigenous people are living in voluntary isolation. Your operations there run the high risk of occasioning epidemics and death to the low immunological defenses of these isolated peoples.

Because of this, the key question before you now is which side of history are you going to steer your company towards? And what is the legacy that you want to leave your children? Will it be the side of those that have a sustainable vision for the future of the planet, making business a dignified activity, as well as respecting and honoring the rights of human beings and Mother Earth?

Conoco today must make a historical decision. The future of millions of acres of the Amazon, the future of indigenous peoples and isolated peoples in the Peruvian Amazon and the future of the planet depends upon it. This should not be just one more point in your agenda. Please, Mr. Mulva, we are asking you to a meeting personally and we hope that you will accept. Thank you.

JIM MULVA: Thank you for coming from such a long way to make your question and your views known. You've done this over the past several years and we appreciate, certainly, your -- the interest that you have.

Our Company, at this point in time, we recognize the sensitivity of the area under consideration. And we are looking at the possibility of whether we would want to be doing any exploration. At this point in time, we really haven't in this area gone forward with exploration. That's a decision that would have to be made at a later point in time.

But, with respect to that decision, I want you to know that we would never do anything that's not inconsistent with not only the rules and regulations of the country, but also with respect to the sustainability policies that we have as a Company. We want to make sure that we are satisfied if we ever get to the point of making -- doing exploration, it

meets the rules and obligations of the country, but of ourselves and with respect to the indigenous people who live there, we, obviously, want to continue our discussions and work with them in making this decision.

I know we met earlier before the meeting started. We've indicated that there is good transparency in discussions between ourselves and your people. We want to continue to do that as we sort through ultimately making a determination whether we do want to explore or we don't. And we will continue that communication with you. And, again, thank you very much for coming this long way and making known, again, this year your issues and concerns. We certainly understand and recognize that.

Next question.

ROCHELLE HONEYCUTT, STOCKHOLDER, CONOCOPHILLIPS: Hello, everybody. My name is [Rochelle Honeycutt]. I'm a stockholder. I am also a 17-year employee of ConocoPhillips. It doesn't matter from which refinery I come from today, because I am representing your workers from across the United States. ConocoPhillips employees (inaudible). Since the BP Texas city explosion of 2005, the men and women assigned to our corporate headquarters have been internally auditing our refineries for compliance with the OSHA PSM standard 1910119. This is not a law that we have a choice in complying with. Our competitors from around the nation have been doing just that and OSHA has been handing out fines for noncompliance.

To date, OSHA has levied over $1.8 million in fines. One of our refineries just went through this process with OSHA and 21 serious violations were found. OSHA's not done yet. If we are being fined, we are not wisely reinvesting our money. If we don't reinvest our money, we die. We become the 24th major oil company.

If we keep moving down a path of identifying our weaknesses but not fixing them, OSHA could shut us down. And your employees want to help. We want this Company to grow, to be a good corporate neighbor; to become the largest and safest oil company in the world. We want to be a contender second to none.

The United Steel Workers have developed an effective OSHA-based process safety management training program. We can use this educate all the employees of this Company. But we cannot get the corporate leaders to approve our repeated request. Verbal promises have not led to actual actions.

We are asking you, the ultimate stakeholders of this corporation, to help us convince the Board of Directors to invest in this training. The return on this investment would be far more productive than paying OSHA fines for violations or enduring the aftermath of a Texas city explosion in the ConocoPhillips system.

We thank you for any help you can provide. Thank you.

JIM MULVA: Thank you. Well, I'm really pleased to see so many of our refining employees who stood up and maybe it's a good opportunity for our Board or ourselves to stand up, turn around and say thank you for what you do day-in and day-out.

Now, with respect to the observations and comments. Can we do better? Obviously, we can do better. We strive to do better, continuous improvement in everything that we do every single day. If you look over the last number of years, year by year, we've made incredible strides in terms of our safety and operating performance and reliability. The amount of money that we're dedicating towards sustainability and maintenance continues to go up every year.

I know there's escalation. But over and above escalation, we are putting the money to making sure that we are continuing to improve our reliability, our safety and environmental performance. So, can we improve? Yes. Are we listening to the points that you're making? Obviously. Are there issues by each of the refinery? Yes, we want to hear them. We will act on them. We will review them.

Every time we have an annual meeting, we do have quite a number of questions. But I think if you look at the Company's response, in each and every case, we have made changes. We've made changes in management supervision. We've made changes in our policies, our programs and we've dedicated the resources to do

essentially what you're outlining. We are together. It's not my employees. I am employed. We are all employees working to make sure that what points you are making, we are making continuous improvement.

So, that's really the response that I have. Our people are here. I know [Jim Gagoly], head of the downstream's here. We have some of our refinery managers, maybe, here, ready to continue to talk after this meeting. But, hopefully, I've conveyed to you the sense of myself and the sense, obviously, of our Board of Directors.

In terms of our refinery performance, the amount of money we dedicate towards improving our performance, safety, environmental is reviewed by the public policy and presented by the corporate head of safety and environmental performance every single time we have a Board meeting. And it's reviewed in thorough and when we have audit exceptions, whether the audit exceptions come from anyone, external or internal, they are reviewed and tracked until they come to a conclusion of satisfactorily being resolved.

So, I want you to know that each of the detail of findings is tracked, not just by refinery manager, but the entire downstream and by the management team and by the Public Policy Committee of the Board of Directors.

Next question in the middle.

SCOTT ADAMS: Hi, Scott Adams with the AFSCME Employees' Pension Plan. I have one real quick question. Will the percentage results for the yeses and abstentions be made available at the conclusion of this meeting? I don't need to have them right now.

JANET LANGFORD KELLY: I don't know that we'll them at the conclusion of the -- yes, actually, they'll be in a press release very shortly.

SCOTT ADAMS: Okay. Our proposal to give shareholders the Say on Pay, 45% of the shareholders in this Company did not support the Company's position. That is a percentage that trends to most companies across the country. And as I had talked about, many companies are now adopting Say on Pay. Shareholders here at ConocoPhillips are really happy shareholders. We've seen 25% return over five years; 32%. There's not a shareholder here who's angry with the Company and its performance.

But we're seeing only 55% back the Company's position. At Apple, 99% return to shareholders, they passed Say on Pay. At Motorola, shareholders were unhappy, they passed Say on Pay. It doesn't really matter where the performance is, shareholders are asking to have an advisory vote, a simple advisory vote, yes or no, on the executives' compensation packages. I hope that this Company and the Board and the Compensation Committee will enter in dialogue with shareholders to see how this might become a reality here at ConocoPhillips.

JIM MULVA: Okay. Thank you. Next question.

CHARLES GALATRO, STOCKHOLDER, TEAMSTERS LOCAL 877: Good morning, Mr. Chairman and stockholders. First, I want to say I want to support Rochelle and the Steel Workers' request that you take a work course. Someone once said, and I think it was [Cy Simms], the Chairman of the Men's Clothing Outlet, an educated consumer is our best customer. Likewise, an educated employee is the Company's best asset. We need the knowledge in order to partner with ConocoPhillips in the OSHA [BTT] program. So, I hope that you heard what Rochelle had to say.

My name is Charles Galatro. I'm a stockholder and I'm President of the Teamsters Local 877. A year ago I spoke about the conditions at the Bayway refinery. Since then, there have been numerous changes. One was [Mike Henny] taking the reins. Mike has made it clear he wants to improve labor management relations. I will say he has made moves, the biggest of which was separating engineering and [HSE] Department, eliminating the union's concern that conflict of interest existed with both departments under the same manager.

This, coupled with other changes, has given rise to a cautious optimism. Jim Galogy spoke about the [BPT] during his recent visit to Bayway. Department -- partnership mandates labor and management trusting each other. Flying at 30,000 feet, you must apply trust to all areas under the umbrella equally and feel confident the commitment to

safety in the quest for the brass ring is transparent and real. Also, labor issues, likewise, near to mirror that trust and transparency. Trust cannot be applied subjectively.

In 2006, under your direction, Mr. Mulva, the pension was fixed, correcting a penalty for retiring early, i.e., the [Exxon] offset. I thank you for that. Since then, retirees were culled out of the active employee medical pool, resulting in premiums skyrocketing to approximately $800 and rising, in effect, a second mortgage. There was talk about increasing the size of the retiree pool and attempt to reduce the premiums. If this happens, time will tell the benefits of its implementation.

The increased cost -- the soaring cost of gasoline at the pumps and the pending recession has left retirees unable to live the way they thought they could. I am, once again, coming to the wealth and ask you to do away with the Social Security offset, a loophole that allows corporations to take back money paid into Social Security from fixed-income retirees. The shareholders over the years have reaped the gains on the back of this group. The right thing to do in lieu of the record profits is to do away with the Social Security offset and give some relief to a group who gave you a lifetime of profits. Thank you.

JIM MULVA: Thank you. We recognize that the increased cost of everything as outlined in the presentation, increased cost of health care, energy, education has an impact on all employees. The specific request that you've made, we will take under consideration and review as we look through compensation and benefits as well -- for active employees as well as -- we always take a look at retirees as well.

So, I understand here the message. We'll -- I'm not in any way trying to infer or say something will be changed. I just want you to know that we heard the question and the suggestion and we will review it. And we will respond back in a way that -- back to our retirees that we have reviewed it and here's our views on that.

Other questions?

STEVE MASON, REPRESENTATIVE, CHURCH OF THE BRETHREN BENEFIT TRUST: Good morning, Mr. Chairman. My name is Steve Mason. I coordinate the socially responsible investing activities of the Church of the Brethren Benefit Trust, a shareholder and lead filer of the shareholder proposal number five. Thank you to you and your colleagues for your kind hospitality to me and my colleagues over here this week. And thank you for this opportunity.

ConocoPhillips' human rights position states that ConocoPhillips will conduct its business consistent with the human rights philosophy expressed in the Universal Declaration of Human Rights and the International Labor Organization Declaration of Fundamental Principles and Rights at Work. The Universal Declaration of Human Rights was adopted by the United Nations in 1948 and the Declaration on Fundamental Principles and Rights at Work was adopted by the International Labor Organization in 1998.

On September 7th, 2007, the United Nations adopted the Declaration on the Rights of Indigenous People. I find it interesting that the United Nations, almost 60 years after it adopted a position on human rights, determined that it was time to adopt a separate, but related position on indigenous people. If our company would continue to conduct its business consistent to the counsel provided by the United Nations, it may be time for our company to also consider a separate position or policy statement on indigenous peoples.

This is the core issue of the proposal entitled Report on Recognition of Indigenous Rights that we presented for shareholder consideration this year. During our Monday session with ConocoPhillips staff members, we learned that at least some of the policies, processes, principles and our position statements are evergreen, which I understand means that they are dynamic and subject to revision as needed.

In the spirit of evergreen, will ConocoPhillips, if not prepared to develop a separate statement on indigenous people, then update its human rights position to document that our company will also conduct its business consistent with the human rights philosophy expressed in the United Nations Declaration on the Rights of Indigenous -- excuse me, of Indigenous People?

JIM MULVA: Thank you. Our policies and positions are evergreen. We continue to review those positions in the world that we live in and operate in. I hope you found that our people are very open and transparent in communication. We will review what you have suggested and we will continue to talk with you so that there's a good understanding, whether you agree with us or you don't. We've fully communicated with each other. And so, I assure you that we'll continue to do that. Our policies, positions are evergreen and we will take under consideration what you suggest.

JOHN HORNING: Mr. Chairman, shareholders, my name is John Horning. I'm the Director of WildEarth Guardians in Santa Fe, New Mexico. I'm here on behalf of the shareholder congregation of Divine Providence.

Mr. Chairman, you may not know, but ConocoPhillips has inherited a legacy courtesy of its acquisition of Burlington Northern in the San Juan Basin of Northwestern New Mexico and Southwestern Colorado. It's not a great legacy.

This is an area that has already been quite developed. There are more than 40,000 wells. And with the recent plan to -- that was approved to develop an additional 10,000 wells in this part of Northwestern New Mexico and Southwestern Colorado, this is an area that is culturally and ecologically significant. It is a combination of federal public lands that all Americans own interspersed with lands where the Navajo people live. This is a part of their historic homeland called Dinetah.

The development in the past has resulted in destruction of sacred sites, the degradation of wildlife habitat and severe health effects. This region has the sixth highest level of ozone of anyplace in the country with the other five being large cities. I think that gives you a sense of the legacy that is there.

My question to you is, are you interested in creating a new legacy? And, specifically, will ConocoPhillips consult with the local chapter houses prior to initiating new development in the San Juan Basin, especially developments that threaten culturally and ecologically significant areas.

JIM MULVA: Okay. I'm not aware or familiar with that specifically what you've outlined. But, like I have with other who have raised issues or made suggestion, we'll take it under consideration. And we will come back to you.

One of the things that we have as a Company is we have, after the Annual Shareholder's Meeting, we have a Board meeting. And in that Board meeting, before we start, there's general discussion about what did we hear from shareholders in terms of observations about proposals or questions or whatever. And, so, we'd like to get on with our Board meeting here pretty soon.

So, I see we have three people standing up. So, maybe we can go through these three questions and maybe we can finish our question and answer part of his shareholders' meeting and then we can move on with our Board meeting and take under consideration many of the good observations and questions that you've brought up here this morning.

So, let's go to this next one.

JIM LIGHT, SHAREHOLDER: Good morning, thank you, Mr. Mulva. My name is [Jim Light], a shareholder for several years, also, a contractor in the oil patch. We've worked for all the major oils. Appreciate the opportunity to service ConocoPhillips in Trainer and Bayway. And I've had some discussions in Wood River. And hearing the passion from everybody, it's impressive the communication back and forth. And we believe in safety in the way that we run our company through mechanical turnaround maintenance, [tank] work, exchange [of] work, several millions of man hours, OSHA-recordable rate of [0.2, five] meritorious NPRA awards last week.

And what we see that's difficult in every area of the business is we, as a union contractor, have to deal with the owner and deal with the workplace and safety issues. I think communication is what brings things about. And the gentleman before me mentioned that Mike Henny, in particular, at Bayway, started out some change and I think that he's to be commended for initiating a dialogue because it's all about dialogue. There's a lot of ideas that were exchanged here.

My question relates to jobs and what you may foresee with your [impression] and foresight to the degree of the fact that we, in this country, are under many constraints, good constraints; constraints for good reasons. But I wonder how the domestic refining industry will continue in the future based upon all of the other companies overseas that don't abide by those same regulations, that don't see the importance of clean air and clean water and yet could soon be finish -- exporting finished product to us. Thank you.

JIM MULVA: Could you say what specifically again your question was?

JIM LIGHT: How do you feel with the notion on a competitive basis with the domestic refining and all the regulations that we contend with and I think that are important. I think everybody here believes they're important. But what do you see the future for us, as a domestic refining group, to be -- to compete against overseas exporters of finish product that don't have the same OSHA, NIOSH and BEO and EDA and other regulations, PSM?

JIM MULVA: Well, because of permitting issues, some of the largest brand new or grass roots refineries are built in the Middle East and in Asia. And they have scope and size that are much larger than most of the refineries we have in the U.S. And that also fits with the national oil companies what they want to do, where they have existing production. They're going to be very, very competitive; very sophisticated.

So, from a competitive point of view, we are one of the largest refiners in the U.S. That's why we are making investments to upgrade our capability, technology capability of our refineries so that we can not only meet a climate change and environmental expectations and rules that we must contend with, but that we want to do this in a way that we can maintain our competitive position. And it is a challenge for us. And we also know that there's going to be the challenge, but rightfully so that there's going to be substitution, conservation and other forms of transportation offered to the public.

And so, therefore, we've got to continue to improve with technology, primarily technology, our refineries and our infrastructure and our pipelines. And so we put quite a bit of money to doing that. We're committed to this business. But we recognize to continue to be competitive, we have to make substantial investments.

In terms of employees, one of the things I wish I would have said a little bit earlier when I taking about our commitment to what we've been doing on reliability, safety and maintenance of sustainability of our refineries, that we've been adding demographics. We have quite a few people that retired. But we're adding at all levels of management, safety and maintenance in our system to make sure that we support the objectives of safety and reliability, but also support what we're doing in terms of the sophistication of our refineries and infrastructure.

Thank you very much for the nice comment.

JIM LIGHT: Okay.

JIM MULVA: Two more. Over here on my right.

STEVE SLATER, SHAREHOLDER, CONOCOPHILLIPS: My name is [Steve Slater]. I'm also a ConocoPhillips employee. I'm also a shareholder. I agree with the gentleman behind me, before I start anything else, in telling you that you've done a wonderful job of building the ConocoPhillips house. We appreciate it. I see it in my 401(k). Thank you.

There's a comment that Rochelle Honeycutt made. You have 12 represented refineries in this country. What she has asked you to do is to send two employees per refinery to an OSHA-based train-the-trainer program to then go back to those 12 refineries and train people on CSM. We have repeatedly sent [information]. We have done everything we've been asked to do to provide everything that management would ask us to provide to get a simple yes or no to this training. And we have gotten no positive response.

If you sent two people and it cost $7,500 for those two people, that would be $90,000 which is less -- which is a just a little bit more than the fines you paid to OSHA for Bayway. You currently send an auditing team to every refinery

to see how we're doing. We're asking you to spend some money on us so we can go back and train ourselves to keep your house safe for you.

This is a small cost. We have gotten no response. If we'd been given a yes or a no, we wouldn't be here now asking about it. And that's why we're here.

JIM MULVA: Okay. Thank you. We have the same objective. We have the same objective. And after the meeting today, Jim Gagoly's right here, he will sit and talk with you. It's not about money. We have the same objective. Let's make sure we do it in a way that consistent and uniform throughout our system.

DR. TOM BORELLI: Good morning. Tom Borelli again, Free Enterprise Action Fund. Again, I would like thank you [on the yearly] earnings. My only regret is I didn't buy more shares of ConocoPhillips a couple years ago.

With respect back to cap and trade, I mean, in theory the water is under the bridge. You already joined U.S. CAP. Clearly, high energy prices are going to lead to your biggest personal risk and that's high energy prices at the pump. Every day, someone fills up their pump and their car, they're going to be thinking of you and your colleagues. So, that's a very, very significant risk. Again, cap and trade underneath the higher energy prices. That's under the bridge.

But what is current is the Warner Lieberman Climate Security Act that's currently in the Senate and it moves out of the environment committee. Can you tell us what the cost impact of Warner Lieberman's cap and trade is on ConocoPhillips and especially your refineries? You have a nice little colored map with all the little stars, which I think is great having refineries here in the United States. That's jobs. That's economy. That's energy towards the energy independence that we wish we had. But, again, with Warner Lieberman, what is the impact on the cost to your refineries?

JIM MULVA: May we -- some of the statements that you've made, we just fundamentally have different point of view of the Company should be doing. And I can assure you that it's not only myself, it's the management team and our view towards climate change, our participation in U.S. CAP; our participation in many other initiatives like U.S. CAP is completely reviewed with our committees of our Board and our Board of Directors.

Now, with respect to your specific question, the cost, under your assumptions that you've outlined, of compliance whether its Lieberman Warner or its some other form of proposed legislation; first of all, we don't fully understand all the legislation. A lot has to do with the details of ultimately whatever may be passed. What -- how is it actually implemented in terms of rules and regulations. And I don't have numbers at this point in time to share with you.

That's why I -- one of the proposals in front of the shareholders was what do we think our objectives are with respect to addressing climate change in the future. I think you will see us be pretty responsive to question you have and responsive others have on how we actually respond to climate change expectations and how we fit into our plans whatever may or may not be passed, a form of legislation in this country or a replacement at Kyoto.

How we -- what impact will it have on our operations, on our investment. We will be sharing more of that externally with yourself. But I don't have that at this point time. But, we are a very open, transparent Company and we will make known to you when we have it available responses to questions that you have.

DR. TOM BORELLI: Well, again, we'll be here next year and the question will be you asked for regulations, and the question [all we ask] are you happy with the regulation that came out? How much did it increase in energy prices, which you mentioned is a big risk? And then what is that cost to shareholders, 'cause then you could be in a situation where actually, you know the old saying, you ask -- pray for what you ask for, you might actually get it.

JIM MULVA: Well--

DR. TOM BORELLI: And we might all get it because your prayer was answered.

JIM MULVA: Well, we're true -- it is true that not only our company but I know other companies, the industry, organizations like U.S. CAP are doing modeling exercises to essentially respond and answer those very questions

that you have. And that all has to be done before we actually formulate past what ultimately may or may not be climate change legislation in our country.

DR. TOM BORELLI: But, it's just like the danger, when you ask for something, you don't know what the consequence -- that's mismanagement--

JIM MULVA: I tell you what. Why don't we, after the meeting, just talk for a few minutes?

DR. TOM BORELLI: That'd be fantastic. Thank you.

JIM MULVA: Okay. Last question we have. Good morning.

UNIDENTIFIED AUDIENCE MEMBER: Good morning. I believe I heard you say that the high price of oil is not good for the Company. And certainly the perception of the country is the oil companies are making giant fortunes, are profiteering and people, politicians, are talking about lynch (inaudible -technical difficulty) facts again, they're saying [operational just] in years past. What is your opinion of how the -- how good a job ConocoPhillips and the rest of the industry are convincing the public that the oil companies are not the big problem and in showing who really owns most of the world's oil?

JIM MULVA: Thank you. The industry, our company and our industry for decades have not done a very good job in terms of passing along to the American public what we historically have been doing for 100 years in terms of providing oil and gas and energy resources American Public. It's because of what this industry has done. A noble industry. We wouldn't have the economy or the standard of living that we have today.

Now, we have, without question and rightfully so, the American public questioning why is energy prices, gasoline at the pump, gone up so dramatically? We need do a much, much better job of explaining that. But we (have seen in the past. We tried it ten, 20 years ago, windfall profits tax. We actually find as we get less supply, energy prices go up. And it doesn't work. But we need to be very forceful about making that known to the American Public.

What's very frustrating, probably to most people in this room, in particular to myself and I think, obviously, to our Board of Directors, is that the people who have historically provided energy are the people who are -- really can best provide the solution of providing energy in the future. We have the technology that we're developing. We have the financial resources to do this. No, we need to do more and more. I'm talking in Washington; talking in the capitols of the states; talking externally to the media everywhere we can that we are a fundamental part of the solution. And we just need to do a much, much better job of making our case.

So, the question you made, totally agree with. And I appreciate your standing up and asking it.

UNIDENTIFIED AUDIENCE MEMBER: Well, I'm a CSPAN junkie, so I seen your appearances before the Congressional Committee, long with other leader in the industry, I applaud and I think you do a great job; a great job as Chairman and a great job as a testifier. And I [only] continue to urge to do more and more, because it's an uphill fight to convince the public that you're not gouging them --.

JIM MULVA: Well, thank you. I'm not so sure that everyone believes we've done such a great job. But, in many respects, I think opportunities to testify in front of House and the Senate is, at this point in time, probably a good thing because we need to get out and make our story. And if we get more and more media attention by making our story and being more forceful about it, I think American public is very smart and can understand what is the situation and what needs to be dealt with.

So, at this point in time, I thank you very much. We had a long agenda that we went through. I appreciate the courtesy and respect that everyone had for each other in listening to different points of view. I also thank you for the observations and the questions. We take them seriously. And we do very much appreciate everyone in this room as a shareholder of the Company, the support that you give to the Company to all of our employees and to the Board of Directors.

So, I'm going to, at this point, adjourn the meeting. Say, thank you again for your participation, and be safe as you make your journey back home. All the very best to you.

[F1]Not sure why in brackets. This is the word they said.

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